



Case study

Ministry for Primary Industries – Māori Freehold Land

In 2012 the Ministry for Primary Industries (MPI) commissioned us to explore the economic benefits that Māori and all New Zealanders stand to gain from lifting production on Māori freehold land (MFL) to achieve average benchmarks in the agriculture sector.

Our resulting report in 2013 estimated that if 960,000 hectares of MFL is brought up to average industry benchmarks for productivity, the benefits would include an additional \$8 billion in gross output, \$3.7 billion contribution to gross domestic product, and 3,600 jobs over a 10-year period – all requiring investment of just under \$3 billion.

While our final report identifies a sizable opportunity for the national economy, perhaps more importantly, it provides a common framework – and therefore language – for individual communities to engage and build on throughout the country.

It can now be used as a tool for engaging with communities and groups exploring local development possibilities, as our report shows that it is possible to measure, in economic terms, the impact of policies which would introduce freehold Māori land into the agriculture sector. The real issues relate to the size of the land resource that can be brought into play and how quickly it can be absorbed into the productive sector.

To model the forecasts, our analysts used several data sources, both internal and external. Most of the macroeconomic data came from Statistics New Zealand, while we also used projections from MPI to forecast output across the various primary industries to 2016.

Our analysts used in-house resources here at PwC, including the Regional Industry Database (RID) developed and managed by our Finance and Economics team. It contains employment information based on the Australian and New Zealand Standard Industrial Classification for every industry in New Zealand. The number of full-time employees in the agriculture sector and sub-categories were drawn from the RID and used to create an estimate for the compensation of employees in the study.

Breaking the model down into regional areas provides for a more localised analysis. Many of these economic development initiatives would target individual blocks of land or clusters of smaller blocks into production. While the contribution of these individual blocks or clusters might be small relative to national production and the wider agriculture sector, their local contributions may be more significant. The opportunities are likely greater in regional areas of New Zealand with fewer economic and employment opportunities.

The work conducted by our team was designed to complement the development of a governance framework to help make underutilised land more productive. However, governance is the critical issue associated with this process because of the complex nature of the ownership structures covering many Māori land blocks and the laws covering the administration of such lands.

This work outlined above could be used as a base to further delve into a more comprehensive analysis of freehold Māori land to understand the regional opportunities in agriculture production.

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